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Testimony of the American Council of Life Insurers
before the Insurance and Real Estate Committee
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House Bill 5051 – An Act Adopting the National Association of Insurance Commissioners' Interstate Insurance Product Regulation Compact

Senator Crisco, Representative Megna and members of the Insurance and Real Estate Committee, the American Council of Life Insurers (ACLI) appreciates the opportunity to offer the following comments asking the committee to pass **House Bill 5051 – An Act Adopting the National Association of Insurance Commissioners' Interstate Insurance Product Regulation Compact (IIPRC)**. ACLI strongly supports the enactment of HB 5051 which will allow Connecticut to enter into an agreement with other compacting states to correct the biggest problem life insurance companies have with the state regulatory system today – differing state product filing standards and regulatory requirements which slows the speed to market time of life insurance products. We thank the Insurance Committee, Governor Dannel P. Malloy, the Connecticut Insurance Department, the Connecticut Department of Economic and Community Development and legislative leaders for raising and supporting the bill.

Over the course of time, states developed differing standards for approval of life insurance products. As a result, life insurance contracts must be custom tailored to each state. This has resulted in a costly confusion of contracts. The current system is not only expensive for companies, it is confusing to the consumers. And the current product filing structure is a disadvantage to insurers as compared to banks who have a much faster approval process for products. It can sometimes take as long as two years for a company to receive final approval for a product filed in 50 states.

The Compact offers the best opportunity to improve state regulation of life insurance by providing a modernized and efficient regulatory review process for product filings. The Insurance Compact Commission is a state-based organization but one driven by member states through the insurance regulators who come together on a collective basis to develop comprehensive uniform standards that reflect stringent consumer protections and best practices. The Compact has an operational track record of adopting Uniform Standards with high consumer protection thresholds. The Compact has also conducted its policy- and decision-making process in an open and transparent manner, providing multiple opportunities for public notice and comment on proposed uniform standards and operating procedures while soliciting input from its Legislative Committee, the Industry and Consumer Advisory Committees and other interested parties; as well as publishing all information related to both proposed and adopted rulemaking actions.

National product standards and centralized filing for life insurance products benefits consumers, insurers, and government alike. Consumers benefit from strong, uniform national product standards, which is especially important given our increasingly mobile population. The quality of product review is high with experienced staff review of the filings. Importantly, product filings and approvals are generally completed within about a month after initial submission to the IIPRC, thus giving the public more timely access to innovative insurance products.

Colorado was the first state to adopt this legislation in 2004. Since that time, 43 states and Puerto Rico have enacted the Compact legislation representing 72 percent of premium volume nationwide. Over the

last 12 years, the IIPRC has adopted over 90 uniform life insurance product standards. The Compact has also been endorsed by several state legislative groups, including the National Conference of State Legislators (NCSL) and the National Conference of Insurance Legislators (NCOIL). A copy of the NCOIL resolution in support of the Compact legislation is attached.

Today, more than 200 insurance companies have utilized the Compact to prepare one standard product and to receive one review and approval for 43 states and Puerto Rico in an average of 60 days or much less. The benefits of filing through the Compact are measured not only in how much easier and streamlined it is to get a product filed, reviewed and approved, but in the trickle-down benefits of programming, testing and deploying product forms for 44 compacting jurisdictions without variations.

We commend the committee for sponsoring this bill and recognizing the inherent benefits that will accrue from joining the IIPRC. We hope that you will support HB 5051 and permit Connecticut to join the Compact.

Thank you for the opportunity to comment in support of this proposed legislation. Please contact John Larkin at (860) 508-9924 or Kate Kiernan at (202) 624-2463 with any questions.

The American Council of Life Insurers (ACLI) is a national trade association with approximately 300 member companies operating in the United States and abroad. 228 member companies serve Connecticut consumers. ACLI advocates in federal, state, and international forums for public policy that supports the industry marketplace and the 75 million American families that rely on life insurers' products for financial and retirement security. ACLI members offer life insurance, annuities, retirement plans, long-term care and disability income insurance, and reinsurance, representing more than 90 percent of industry assets and premiums in Connecticut. Learn more at www.acli.com.